

## Message Text

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62

ACTION SS-30

INFO OCT-01 ISO-00 /031 W

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R 191844Z APR 74

FM AMEMBASSY SANTIAGO

TO SECSTATE WASHDC 8259

C O N F I D E N T I A L SANTIAGO 2085

STADIS////////////////////////////////////

EXDIS

EO 11652: GDS

TAGS: EIND, CI

SUBJ: ITT

REF: (A) STATE 77864; (B) SANTIAGO 1868

1. EMBASSY'S UNDERSTANDING OF STATE OF PLAY IN CHITELECO CASE IS AS FOLLOWS: GOC MINISTERIAL LEVEL MEETING IN LATE FEBRUARY OR EARLY MARCH DECIDED THAT SOME STEPS SHOULD BE TAKEN TO RESOLVE CHITELCO SITUATION. WORKING LEVEL GROUP WAS ESTABLISHED WITH REPRESENTATIVES OF MINISTRY OF INTERIOR, MINISTRY OF ECONOMY, AND FOREIGN MINISTRY. THAT GROUP HAS HAD TWO MEETINGS TO DATE. THEY HAVE DECIDED THAT CHITELCO SHOULD BE NATIONALIZED, THAT ITT IS ENTITLED TO COMPENSATION, AND THAT COMPENSATION SHOULD BE RELATED TO 1970 BOOK VALUE OF CHITELCO. THEY WANT ANY COMPENSATION PAID TO ITT REINVESTED IN ENTERPRISES SUCH AS TOURISM (SHERATON HOTELS AND HERTZ) OR MANUFACTURING (STANDARD ELECTRIC). AN ITT CHILEAN LAWYER, SERGIO DIEZ, IS AWARE OF EXISTENCE OF WORKING GROUP BUT EMBASSY DOES NOT KNOW HOW MUCH OF ABOVE HE HAS BEEN TOLD. NEITHER DO WE KNOW WHETHER ITT HAS YET OFFICIALLY BEEN INVITED TO BEGIN NEGOTIATION. WE ARE INFORMED THAT NOTHING MORE IS LIKELY TO HAPPEN UNTIL AFTER MAY 15 WHEN RICARDO CLARO, FOREIGN MINISTRY REPRESENTATIVE, RETURN FROM OFFICIAL FOREIGN TRAVEL AND VACATION.

2. WE SUGGEST THAT OPIC TELL ITT THE FOLLOWING: OPIC HAS LEARNED THAT GOC COMMITTEE HAS BEEN FORMED TO DEAL WITH  
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CHITELCO CASE; CHITELCO WILL BE NATIONALIZED; GOC IS

PREPARED TO TALK TO ITT ABOUT COMPENSATION; GOC WILL BE IN TOUCH WITH ITT DIRECTLY, IF IT HAS NOT ALREADY DONE SO, TO BEGIN NEGOTIATIONS.

3. EMBASSY IS RELUCTANT TO DISCLOSE REMAINDER OF PARAGRAPH 1 BECAUSE OF EXTREME CONFIDENTIALITY OF OUR SOURCE (CLARO), WHOM WE WISH TO PROTECT. FURTHERMORE, IDEA OF COMPENSATION BASED ON 1970 BOOK VALUE AND REINVESTMENT IN CHILE MAY BE GOC NEGOTIATING POSITIONS ONLY. WE WOULD PREFER ITT LEARN OF THEM FROM THE CHILEANS.

4. NOTWITHSTANDING ABOVE, DEPARTMENT MAY USE ANY INFORMATION WITHIN USG AS IT CONSIDERS APPROPRIATE.  
POPPER

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NNN

## Message Attributes

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